

SID Policy on Procurement Management

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Revision History

REVISION	DATE OF RELEASE	PURPOSE
Initial Draft	April 26, 2004	Initial Release

Approval



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1 INTRODUCTION

1.1 Adoption of SID Policy

As part of its ongoing commitment to process improvement and quality within the division, the Systems Integration Division (SID) is adopting this SID Policy and Standard for Procurement. This policy will help clarify and enhance its current practices, continue to align the organization with the Software Engineering Institute's Capability Maturity Model (SEI's CMM), and ensure compliance with the Department of Finance (DOF) Information Technology Oversight Framework (Budget Letter 03-04, dated 7 February 2003).

1.2 Applicability

[1.2.1]¹ This policy shall apply to all SID projects² effective the date of this policy. Projects that are in the middle of an SID life cycle process³ (at the effective date of this policy) are required to demonstrate due diligence in complying with this policy within 30 days, to the degree that it does not jeopardize their ability to satisfy prior project commitments.

[1.2.2] The SID Assistant Director shall consider special situations for non-compliance on a case-by-case basis.

[1.2.3] Projects requesting a waiver from the requirements in this policy shall comply with the Deviation/Waiver Process (iManage SIDdocs #2484).

[1.2.4] Projects that are in the Maintenance and Operations (M&O) life cycle phase shall, at a minimum, assess and report compliance with this policy on an annual basis.

[1.2.5] All other projects shall, at a minimum, assess and report compliance with this policy at the start of a new life cycle phase.

1.3 References

The following documents were used in the creation of this policy:

¹ Brackets [] are used as a reference designator for explicitly stated policy requirements ("shall's"). The numbers in the brackets are included in the SID Compliance Toolbox (iManage SIDdocs #2093) using a policy reference designator (e.g. PM Policy-1.2.1) for ease of verification and traceability to applicable CMM and TOSU requirements.

² In this document, SID Projects refer only to projects of a statewide nature (e.g. CWS/CMS, CMIPS, EBT, ISAWS, SFIS, etc.) and not to software release projects that are part of a routine Maintenance & Operations life cycle, or internally created projects and initiatives.

³ The SID Best Practices web site defines the typical life cycle for software acquisition projects in the organization. Definitions for each life cycle phase are available at www.bestpractices.cahwnet.gov/processes.htm.

- Information Technology Oversight Framework, Budget Letter 03-04, dated 7 February 2003, Department of Finance – Technology Oversight and Security Unit.
- Software Acquisition Capability Maturity Model (SA-CMM), Version 1.02, Key Process Areas 2.2 – Solicitation, April 1999, Software Engineering Institute.
- Project Management Body Of Knowledge (PMBOK), 2000, Project Management Institute (PMI).
- Institute of Electrical and Electronics Engineers (IEEE) Standard 1062-1998 (R2002) – Recommended Practice for Software Acquisition, IEEE.
- SID Policy on Project Management, iManage SIDdocs #2453, 23 February 2004, Systems Integration Division (SID).
- SID Policy on Quality Management, iManage SIDdocs #2514, TBD, SID.
- SID Policy on Requirements Management, iManage SIDdocs #2499, TBD, SID.
- SID Policy on Contract Management, iManage SIDdocs #2458, TBD, SID.
- Best Practices Web Site (BPweb), Systems Integration Division (SID), <http://www.bestpractices.cahwnet.gov>.
- Glossary and Acronyms, BPweb, SID.

1.4 Compliance Verification

[1.4.1] The SID Best Practices Support Group (BPSG) shall assess compliance to this policy at least annually using the applicable categories of the SID Compliance Assessment Toolbox (iManage SIDdocs #2093). For more information on compliance assessments, refer to the BPSG Project Plan.

1.5 Relationship To Other Policies

This policy is subordinate to the SID Policy on Project Management, and refers to the SID Policies on Quality Management and Requirements Management. This policy is also closely related to the SID Policy on Contract Management.

2 POLICY STATEMENT

It is the policy of SID to follow, adhere to, and implement proven project management best practices in compliance with the SEI CMM methodology, the DOF IT Project Oversight Framework, and the PMI PMBOK.

[2.0.1] Project Managers shall comply with the requirements, procedures and processes referenced in this policy document.

2.1 Required Documentation

[2.1.1] Projects shall document their specific approach to a solicitation in an IT Procurement Plan (ITPP) as required by the Department of General Services (DGS).

[2.1.2] Projects shall develop their IT Procurement Plan (as needed) in accordance with the SID IT Procurement Plan Template and associated tailoring guidance on the BP website.

[2.1.3] Projects shall update and maintain the plan until the procurement is completed or cancelled.

[2.1.4] Projects shall produce and manage a minimum set of procurement supporting documentation with a defined hierarchical relationship in accordance with the SID Master Project Plan (MPP) Template (iManage SIDdocs #2513).

[2.1.5] The status of procurement activities shall be documented and reviewed periodically (such as at key procurement milestones) with the project management team, quality management team, and Project Manager.

[2.1.6] The status of all procurements for the project shall be documented and reviewed at least quarterly by the project management team, quality management team, Project Manager, and SID Assistant Director.

[2.1.7] Measurements showing the status of procurements, procurement activities, and procurement milestone completion dates shall be documented, tracked and analyzed for trends.

Refer to the SID Policy on Quality Management for the specific metrics.

2.2 Procurement Management Roles & Responsibilities

[2.2.1] The Project Manager shall designate a specific individual to fulfill the role of the Procurement Manager.

Projects may elect to have a single Procurement Manager who handles all procurements, or may appoint a procurement manager for each specific solicitation based on experience with the contract need.

[2.2.2] The Procurement Manager shall be responsible for implementation of this policy and for all procurement management activities, either directly or by overseeing the work of others, including the development and maintenance of the IT Procurement Plan (based on DGS requirements).

[2.2.3] The procurement management function(s) identified in the model functional organizational chart shall be addressed in the IT Procurement Plan.

For more information, see the model organizational chart and specific roles and responsibilities on the BP website. Depending on the size and life cycle phase of the project, multiple individuals may perform a role or a single individual may perform multiple roles.

[2.2.4] The IT Procurement Plan shall clearly indicate who is responsible for the final decision and selection of a vendor based on the evaluation of the received responses.

[2.2.5] The Procurement Manager shall consult with Legal counsel regarding procurement issues and contract terms.

2.3 Procurement Management Training

[2.3.1] Procurement managers shall be required to participate in initial and refresher SID Training for Procurements.

[2.3.2] All staff assisting with the solicitation shall be required to attend general training on solicitations (provided by either DGS or SID) to ensure they understand the issues, requirements and process of the solicitation.

2.4 Procurement Management Tools

There are no procurement management tools mandated at this time. Contractual requirements may be tracked in the requirements management tool, if appropriate. Refer to the SID Policy on Requirements Management.

3 PROCUREMENT MANAGEMENT METHODOLOGY

The requirements for implementing SID's procurement management methodology are based generally on IEEE standard 1062. The major elements of the procurement management methodology are defined below.

- Planning the Procurement
- Developing the Solicitation Document
- Developing the Proposal Evaluation Plan
- Conducting the Solicitation
- Evaluating the Proposals

[3.0.1] The IT Procurement Plan shall describe or reference the specific processes and procedures that will be used to manage and conduct the solicitation.

3.1 Procurement Planning

[3.1.1] The Procurement Manager shall describe in the IT Procurement Plan the project's specific approach to the solicitation, the purpose and goals of the solicitation, the specific products and services being sought, and the criteria that will be used to evaluate and accept the products and services.

[3.1.2] The Procurement Manager shall select the appropriate type of contract vehicle based on the type of product or services required (e.g., competitive bid, Master Services Agreement, California Multiple Award Schedule).

[3.1.3] The Procurement Manager shall work with the HHSDC's Acquisition Services Program (ASP) and the Department of General Services (DGS), as appropriate, to determine the current laws, regulations and process requirements based on the contract vehicle.

[3.1.4] The Project Manager and Procurement Manager shall establish the budget and scope for the solicitation and the high-level evaluation criteria.

[3.1.5] The Procurement Manager and Legal staff shall brief all procurement participants on the conflict of interest and confidentiality issues prior to the staff member beginning work on the procurement.

[3.1.6] The Procurement Manager shall brief all procurement participants on the project's specific approach to the solicitation, the purpose and goals of the solicitation, the specific products and services being sought, and the criteria that will be used to evaluate and accept the products and services.

3.2 Developing the Solicitation Document

[3.2.0.1] The Procurement Manager shall lead the effort to develop the solicitation document that states the business need and requirements for the desired work.

[3.2.0.2] The solicitation document shall consist of a Statement of Work and/or Request for Proposal (RFP) or Invitation to Partner (ITP).

[3.2.0.3] The solicitation document shall be developed using the guidance and lessons learned contained in the SID Guidance on Procurement Documents available on the BP website.

[3.2.0.4] The solicitation document shall clearly describe the tasks and deliverables required, and the contract terms that will apply.

[3.2.0.5] The users and stakeholders of the desired product/service shall be consulted when developing the solicitation requirements and required deliverables to ensure the solicitation document accurately reflects their business needs.

[3.2.0.6] The solicitation document shall include the requirements to be fulfilled as part of providing the product or service, either by referencing a separate requirements document (e.g., a Requirements Specification Document) or by explicitly including them in the solicitation document.

[3.2.0.7] The solicitation document shall include or reference the evaluation criteria that will be used to evaluate and accept the requested product or service.

[3.2.0.8] If custom software is being created or modified, the solicitation document shall include a requirement for formal code reviews on the software produced by the contractor.

[3.2.0.9] If a system or software is being acquired, the solicitation document shall include a requirement for formal user testing of the completed system and software prior to acceptance of the system and final payment of the contractor.

3.2.1 Required Deliverables

[3.2.1.1] At a minimum, the solicitation document shall require the following deliverables from the winning bidder:

- a. Weekly and/or Monthly Status Reports, describing the planned and actual accomplishments, deliverables, expenditures for the period, and the planned accomplishments and deliverables for the next period.
- b. Project Plan, describing the proposed schedule, activities and milestones for completing the work, and the methodology for accomplishing the desired work.⁴
- c. For contracts using progress payments, a Spending Plan or Task Accomplishment Plan (TAP) showing the anticipated expenditures in relation to planned work accomplishments.
- d. Final Report, which incorporates the last Monthly Status Report and summarizes the work completed, work remaining, and any unresolved issues or concerns.

The Project Plan may be required as part of the proposal for evaluation purposes.

[3.2.1.2] If the project plan is included as part of the proposal for evaluation purposes, an update to the project plan (from the proposal) shall be considered a required deliverable.

[3.2.1.3] For common project management deliverables, the solicitation document shall require contractor adherence to either SID's policies/templates or specific industry standards (such as IEEE) when creating the deliverable.

[3.2.1.4] For other deliverables, the solicitation document shall indicate when a Deliverable Expectation Document (DED) will be required prior to deliverable submittal.

[3.2.1.5] Where possible, the solicitation document shall refer to examples, templates or Data Item Descriptions (DIDs) which explicitly define the appropriate content, format and level of detail to be used in producing key deliverables.

[3.2.1.6] If custom software products or application development services are being provided, the solicitation document shall include a requirement to report monthly software metrics such as size of the software, critical computer resource usage profiles, and number of errors detected.

[3.2.1.7] The solicitation document shall include a requirement for the contractor to deliver and status a corrective action plan, upon request of the project, to address any concerns the project has with contractor performance and to describe specific remedies to address the deficiencies or concerns.

⁴ Thus the project plan should consist of two parts, for example an MS Word document and an MS Project workplan.

3.2.2 Proposal Format

[3.2.2.1] The solicitation document shall describe the format of the desired response and shall require the bidders to provide, at a minimum,

- a. Cost and schedule estimates for completing the desired work,
- b. Proposed methods and tools to be used to complete the work,
- c. Resumes which describe the company and staff qualifications, and
- d. Proof of past experience for key staff who will be performing the work.

3.3 Developing the Proposal Evaluation Plan

[3.3.1] The Procurement Manager shall develop a Proposal Evaluation Plan for evaluating the proposals, in accordance with the SID Proposal Evaluation Plan Template and associated tailoring guidance on the BP website.

[3.3.2] The Proposal Evaluation Plan shall describe the specific evaluation criteria (such as qualifications, methodology for completing the work, references and cost), and the methods that will be used to apply the criteria.

[3.3.3] The criteria must be documented and approved by the Project Manager, ASP, and, in some cases, DGS prior to the release of the solicitation document.

[3.3.4] The Procurement Manager shall recruit additional team members or other stakeholders to assist with the proposal evaluations based on the stakeholders' expertise in pertinent subject areas and their past experience with solicitations.

[3.3.5] The Procurement Manager shall train the proposal evaluation team members on the purpose of the solicitation, the requirements, evaluation criteria and evaluation methods for the solicitation prior to reviewing any proposals.

Note that the members of the proposal evaluation team may be different than the team involved in preparing the solicitation document.

3.4 Conducting the Solicitation

[3.4.1] The Procurement Manager shall work with the ASP and the DGS, as appropriate, to conduct the solicitation in accordance with the process requirements of the chosen contract vehicle and the HHSDC/SID policies and practices.

[3.4.2] The Procurement Manager shall provide a mechanism for bidders to ask questions and to receive clarification and responses to the requirements of the solicitation and the solicitation process.

[3.4.3] If appropriate, the Procurement Manager may conduct confidential discussions with each bidder to clarify the intent of the requirements.

3.5 Evaluating the Proposals

[3.5.1] The Procurement Manager shall lead the evaluation team members in the review and evaluation of received proposals.

[3.5.2] The team shall evaluate the proposals in accordance with the Proposal Evaluation Plan and documented evaluation criteria, and shall select the most qualified bidder based on the evaluation criteria.

[3.5.3] The bidders' cost and schedule estimates shall be reviewed for comprehensiveness and reasonableness.

[3.5.4] The winning bidder shall be selected based on the proposal meeting the solicitation requirements and providing the best value based on scoring from the evaluation process.

[3.5.5] Once a winning bidder has been selected through the evaluation process, the Procurement Manager shall work with the ASP and the DGS, as appropriate, to award the contract in accordance with the process requirements of the chosen contract vehicle.